Short Guide to IFRS

As of 1 January 2014

Disclaimer

While the author of this e-book used her best efforts in preparing it, she makes no representations or warranties with respect to the accuracy or completeness of the contents of this e-book. This e-book is intended to provide its readers with short guidance and basic orientation in IFRS and includes flash IFRS summaries and therefore is not a substitute for reading the entire Standards or Interpretations. Please don't rely upon it for preparing financial statements and consult with a professional where appropriate.

Content in this e-book is based on the Standards and related Interpretations as valid on 1 January 2014.

Contents

About IFRSbox

Who is behind IFRSbox

My name is Silvia, I'm FCCA with more than 15 years of professional experience. I created IFRSbox in order to make IFRS easier to learn.

My articles, videos, excel spreadsheets and courses were created to help you understand IFRS, and also help you in your job and also pass the IFRS test.

One of my many readers recently wrote a comment: "Great. Simple. Clear. Useful!" My courses will help unlock your confusion.

My Beliefs

I believe that IFRS is too complex. Too many rules, too many exceptions and too many cross references to something.

This guide and my courses were created to help you look at IFRS in a different way. They make IFRS more digestible and allow you to remember the essential rules by illustrating and showing the examples from a real life so that you can put it easily into work or pass the exam.

Products I Created to Help You

The IFRS in 1 Day e-book will quickly introduce you to the world of international accounting. After reading this e-book you will get a solid overview of how IFRS guides us in the most important areas of financial statements. In the e-book there are many videos created just for you to help you solve practical issues. I give you examples, excel spreadsheets and other bonus materials are attached so that you can cope with simple IFRS tasks yourself.

IFRS In 1 Day: http://www.ifrsbox.com/ifrs-in-1-day

The IFRS Kit is an online course that brings your IFRS knowledge to a professional level. The course material unlocks the confusion and makes the material easy to understand and apply. Whether you are studying to pass the exam or you need to prepare IFRS financial statements in your work, IFRS Kit teaches you everything from the basics to advanced level practices. The material shows you the real

life situations, complications and their step-by-step solutions. As a bonus you can download all excel spreadsheets and other materials attached for your further reference.

IFRS Kit: http://www.ifrsbox.com/ifrs-kit

Of course if you have any questions please let me know. I’m a big believer in making sure you are 100% happy with the materials that I’ve created to understand all the ins and outs of IFRS.

Thanks,

Silvia of IFRSbox

Chapter 1: Basic Structure of IFRS

1.1 Components of IFRS

IFRS is an acronym for International Financial Reporting Standards and covers full set of principles and rules on reporting of various items, transactions or situations in the financial statements. Often they are referred to as “principles based” standards because they describe principles rather than dictate rigid accounting rules for treatment of certain items.

IFRS comprise the following components:

- ***The Conceptual Framework for the Financial Reporting***

  The Framework states the basic principles for IFRS and hence it’s a “must-read” document. It discusses objective of financial statements, underlying assumptions used in IFRS, qualitative characteristics of financial statements, elements of financial statements, recognition of elements of financial statements, measurement of elements of financial statements and concepts of capital and maintenance.

  The Framework was amended in September 2010. You can watch video with its summary here: http://www.ifrsbox.com/conceptual-framework-financial-reporting/.

  The full text of the Framework can be obtained from www.ifrs.org.

- ***International Accounting Standards (IAS) and International Financial Reporting Standards (IFRS)***

  Both IAS and IFRS are standards themselves that prescribe rules or accounting treatments for various individual items or elements of financial statements. IASs are the standards issued **before 2001** and IFRSs are the standards issued **after 2001.** There used to be 41 standards named IAS 1, IAS 2, etc., however, several of them were superseded, replaced or just withdrawn.

  Short review of each IAS and IFRS can be found in chapter 2 of this book.

- ***Standing Interpretations Committee (SIC) and Interpretations originated from the International Financial Reporting Interpretations Committee (IFRIC)***

  SICs and IFRICs are interpretations that supplement IAS / IFRS standards. SIC were issued **before 2001** and IFRIC were issued **after 2001.** They deal with more specific situations not covered in the standard itself, or issues that arose after publishing of certain IFRS.

  The list of all SICs / IFRICs can be found in the Appendix to this book.

1.2 Who Sets IFRS?

Primary standard setting body is the **International Accounting Standards Board** (IASB) with 15 full-time members based in London, UK. IASB's goal is to develop and publish IFRS including IFRS for SME (small and medium enterprises). IASB also approves interpretations of IFRSs developed by IFRS Interpretation Committee.

The process of standard setting is as open and transparent as possible – all meetings of IASB are public and webcast on the net. Literally everyone interested can register to IASB's official webpage www.ifrs.org and submit his own comments to drafts of new standards. This way, everyone can influence the process of standard setting.

IASB has also an interpretative body called **IFRS Interpretations Committee** (formerly IFRIC). This committee is responsible to review and solve certain accounting issues arising from IFRSs currently in place and provide guidance on those issues. In other words, committee issues interpretations called IFRICs (before 2001 SICs). Each IFRIC must then be approved by IASB. IFRS Interpretations Committee has 14 voting members drawn from different countries and professional backgrounds.

Both IASB and IFRS Interpretations Committee are selected, financed and supervised by **the IFRS Foundation** (formerly called IASC Foundation) who is independent, not-for-profit private sector organization working on public interest. Except for standard setting goal, its supporting goals are also:

- development of XBRL taxonomy to promote the electronic use, exchange and comparability of financial data prepared in line with IFRS
- development of training material for the IFRS for SMEs together with organizing conferences and workshops about IFRS
- protection and promotion of IFRS brand and support of global convergence of accounting standards and rules
- day-to-day management and support for the organization, including development of relationships, promoting the work of organization, etc.

This was just to give you a picture on who stands behind it. If you would like to find out more about the process of standard setting or the IFRS Foundation itself, please visit www.ifrs.org.

Chapter 2: IFRS and IAS in Brief

In this chapter, you will learn basics about individual IAS and IFRS. After reading it, you should understand where to look for specific information on your hot issues or which standard to use for solving your issue.

The following table summarizes all IAS / IFRS, whether withdrawn or still in place. Those withdrawn or superseded by other standards are marked in italic. After the table, you will find a short description of each active standard with reference to related interpretations SIC or IFRIC.

Standard	**Title**	**Related SIC / IFRIC**
IFRS 1	First-time Adoption of International Financial Reporting Standards	-
IFRS 2	Share-based Payment	IFRIC 19
IFRS 3	Business Combinations	SIC 32, IFRIC 17, IFRIC 19
IFRS 4	Insurance Contracts	SIC 27
IFRS 5	Non-current Assets Held for Sale and Discontinued Operations	-
IFRS 6	Exploration for and Evaluation of Mineral Resources	-
IFRS 7	Financial Instruments: Disclosures	IFRIC 12, IFRIC 17
IFRS 8	Operating Segments	-
IFRS 9	Financial Instruments	-
IFRS 10	Consolidated Financial Statements	-
IFRS 11	Joint Arrangements	-
IFRS 12	Disclosure of Interests in Other Entities	-
IFRS 13	Fair Value Measurement	-
IAS 1	Presentation of Financial Statements	SIC 7, SIC 15, SIC 25, SIC 29, SIC 32, IFRIC 1, IFRIC 14, IFRIC 15, IFRIC 17, IFRIC 19
IAS 2	Inventories	SIC 32
IAS 3	*Consolidated Financial Statements – superseded*	*n/a*
IAS 4	*Depreciation Accounting – withdrawn*	*n/a*
IAS 5	*Information to Be Disclosed in the Financial Statements – superseded*	*n/a*
IAS 6	*Accounting Responses to Changing Prices – superseded*	*n/a*
IAS 7	Statement of Cash Flows	-

To be continued...

Standard	Title	Related SIC / IFRIC
IAS 8	Accounting Policies, Changes in Accounting Estimates and Errors	SIC 7, SIC 10, SIC 15, SIC 21, SIC 25, SIC 27, SIC 31, IFRIC 1, IFRIC 4, IFRIC 5, IFRIC 6, IFRIC 12, IFRIC 13, IFRIC 14, IFRIC 15, IFRIC 16, IFRIC 18, IFRIC 19
IAS 9	*Accounting for Research and Development Activities - superseded*	*n/a*
IAS 10	Events after the Reporting Period	SIC 7, IFRIC 17
IAS 11	Construction Contracts	SIC 27, SIC 32, IFRIC 12, IFRIC 15
IAS 12	Income Taxes	SIC 21, SIC 25, IFRIC 7
IAS 13	*Presentation of Current Assets and Current Liabilities – superseded*	*n/a*
IAS 14	*Segment Reporting - superseded*	*n/a*
IAS 15	*Information Reflecting the Effect of Changing Prices - withdrawn*	*n/a*
IAS 16	Property Plant and Equipment	SIC 21, SIC 29, SIC 32, IFRIC 1, IFRIC 4, IFRIC 12, IFRIC 18
IAS 17	Leases	SIC 15, SIC 27, SIC 29, SIC 32, IFRIC 4, IFRIC 12
IAS 18	Revenue	SIC 27, SIC 31, IFRIC 12, IFRIC 13, IFRIC 15, IFRIC 18
IAS 19	Employee Benefits	IFRIC 14
IAS 20	Accounting for Government Grants and Disclosure of Government Assistance	SIC 10, IFRIC 12, IFRIC 18
IAS 21	The Effects of Changes in Foreign Exchange Rates	SIC 7, IFRIC 16
IAS 22	*Business Combinations - superseded*	*n/a*
IAS 23	Borrowing Costs	IFRIC 1, IFRIC 12
IAS 24	Related Party Disclosures	-
IAS 25	*Accounting for Investments - superseded*	*n/a*
IAS 26	Accounting and Reporting by Retirement Benefit Plans	-
IAS 27	Separate Financial Statements	IFRIC 5, IFRIC 17
IAS 28	Investments in Associates	IFRIC 5
IAS 29	Financial Reporting in Hyperinflationary Economies	IFRIC 7
IAS 30	*Disclosures in the Financial Statements of Banks and Similar Financial Institutions - superseded*	*n/a*

To be continued...

Standard	Title	Related SIC / IFRIC
IAS 31	*Interests in Joint Ventures – superseded*	*n/a*
IAS 32	Financial Instruments: Presentation	IFRIC 2, IFRIC 12, IFRIC 19
IAS 33	Earnings per Share	-
IAS 34	Interim Financial Reporting	IFRIC 10
IAS 35	*Discontinuing Operations - superseded*	*n/a*
IAS 36	Impairment of Assets	SIC 32, IFRIC 1, IFRIC 10, IFRIC 12
IAS 37	Provisions, Contingent Liabilities and Contingent Assets	SIC 27, SIC 29, IFRIC 1, IFRIC 5, IFRIC 6, IFRIC 12, IFRIC 13, IFRIC 14, IFRIC 14
IAS 38	Intangible Assets	SIC 29, SIC 32, IFRIC 4, IFRIC 12
IAS 39	Financial Instruments: Recognition and Measurement	SIC 27, IFRIC 2, IFRIC 5, IFRIC 9, IFRIC 10, IFRIC 12, IFRIC 16, IFRIC 19
IAS 40	Investment Property	SIC 21
IAS 41	Agriculture	-

IFRS 1 - First-time Adoption of International Financial Reporting

Overview: IFRS 1 sets out the rules and procedures that an entity must follow when it reports in accordance with IFRSs ***for the first time***. The main aim is to ensure that entity's first financial statements and related interim financial reports are in line with IFRS and can be generated at a cost not exceeding the benefits.

IFRS 1 in a flash:

IFRS 1 prescribes ***how the opening statement of financial position*** shall be prepared for the first-time adopters and ***what accounting policies*** shall be used.

Then it discusses the ***exceptions*** to the retrospective applications of other IFRSs (for example, estimates, derecognition of financial assets and financial liabilities, hedge accounting, non-controlling interests and classification and measurement of financial assets) and ***exemptions*** from other IFRSs (certain provisions for business combinations, share-based payment transactions, insurance contracts, deemed costs, lease accounting, and many more).

Necessary ***comparative information*** is prescribed:

1. At least 3 statements of financial position;
2. 2 statements of comprehensive income;
3. 2 separate income statements if presented;
4. 2 statements of cash flow;
5. 2 statements of changes in equity; and
6. Related notes including comparative information.

IFRS 1 then orders that an entity must explain how transition to IFRSs affected its reported financial statements and prepare ***reconciliations*** of equity and total comprehensive income.

IFRS 2 – Share-based Payment

Overview: IFRS 2 sets out the rules for reporting the ***share-based payment transactions*** in entity's profit or loss and financial position, including transactions in which share options are granted to employees.

IFRS 2 in a flash:

IFRS 2 deals with 3 types of share-based payment transactions.

The first type is ***equity-settled share-based payment transactions*** where an entity receives goods or services in exchange for equity instruments. For example, providing share options to employees as a part of their remuneration package.

The second type is ***cash-settled share-based payment transactions*** in which the entity receives or acquires goods or services in exchange for liabilities to these suppliers. Liabilities are in amounts based on the price or value of entity's shares or other equity instruments. For example, a company grants share appreciation rights to their employees, whereby employees will be entitled to future cash payment based on increase of company's share price over some specified period of time.

The third type is ***share-based payment transactions with cash alternatives***, where entity receives or acquires goods or services in exchange for either cash settlement or equity instrument.

Separate attention is dedicated to ***share-based payment transactions among group entities.***

IFRS 2 prescribes how various transactions shall be measured and recognized, lists all necessary disclosures and provides application guidance on various situations.

IFRS 3 – Business Combinations

Overview: IFRS 3 provides rules for recognition and measurement of ***business combinations*** when an acquirer acquires assets and liabilities of another company (acquiree) and those constitute a business (parent – subsidiary company situation).

Note: IFRS 3 does NOT set out the rules for preparation of consolidated financial statements for business combination, such as group of companies under the control of parent, etc. This is the scope of IFRS 10.

IFRS 3 in a flash:

IFRS 3 clarifies ***how to identify business combination*** and prescribes to apply the ***acquisition method*** in accounting for it.

Applying the acquisition method comprises 4 steps:

1. Identifying the acquirer.
2. Determining the acquisition date.
3. Recognizing and measuring the identifiable assets acquired, the liabilities assumed and any non-controlling interest in the acquiree.
4. Recognizing and measuring goodwill or a gain from a bargain purchase.

IFRS 3 sets out the details for all of these steps.

IFRS 3 gives also additional guidance for applying the acquisition method to particular types of business combinations, such as achieved in stages or achieved without the transfer of consideration. Finally, this standard prescribes the rules for subsequent measurement and accounting and defines all the necessary disclosures.

IFRS 4 – Insurance Contracts

Overview: IFRS 4 is the first standard dealing with ***insurance contracts***. It defines the rules of financial reporting for insurance contracts (including reinsurance contracts) by entity who issues such contracts (insurer, for example, any insurance company) and also for reinsurance contracts by entity who holds them.

Note: IFRS 4 does NOT apply to other assets and liabilities of an insurer. Also, IFRS 4 does NOT apply to policy holders (insured entities, etc.).

IFRS 4 in a flash:

IFRS 4 ***defines insurance contracts and establishes accounting policies*** applied to them, including recognition and measurement rules. It addresses ***some specific issues***, such as embedded derivatives in insurance contracts, situations when insurance contract contains both insurance and deposit component (e.g. some type of life insurance with capital part), "shadow accounting" practice, etc.

It also discusses ***discretionary participation features*** in insurance contracts or financial instruments (contracts in which except for a guaranteed element, policy holder is entitled to a profit share whose timing and/or amount is at the insurer's discretion).

Finally, IFRS 4 requires a number of disclosures, such as explanation of recognized amounts, nature and extent of risks arising from insurance contracts, etc.

IFRS 5 – Non-current Assets Held for Sale and Discontinued Operations

Overview: IFRS 5 specifies the accounting for ***assets or disposal groups held for sale*** (those whose carrying amount will be recovered principally through a sale transaction rather than continuing use) and the presentation and disclosure of ***discontinued operation*** (component of an entity – subsidiary, line of business, geographical area of operations, etc. – that either has been disposed of or is classified as held for sale).

IFRS 5 in a flash:

In relation to assets or disposal groups held for sale, IFRS 5 establishes ***conditions*** when the entity shall ***classify a non-current asset or a disposal group as held for sale***.

Then it sets out the rules for measurement of assets or disposal groups held for sale, recognition of impairment losses and their reversals, and rules for the situation when an entity makes changes to a plan of sale and asset or disposal group can no longer be classified as held for sale.

In relation to ***presenting discontinued operations***, IFRS 5 explains the term "discontinued operation" and prescribes what shall be reported in the statement of comprehensive income and statement of cash flows with regard to it. Additional disclosures in the notes to the financial statements are also required.

IFRS 6 – Exploration for and Evaluation of Mineral Resources

Overview: IFRS 6 specifies financial reporting of the ***expenditures for the exploration for and evaluation of mineral resources***, that are minerals, oil, natural gas and similar non-regenerative resources.

IFRS 6 in a flash:

IFRS 6 prescribes that exploration and evaluation assets shall be measured ***at cost***. It permits the entity to ***determine accounting policy*** specifying which expenditures are recognized as exploration and evaluation assets and gives examples of acceptable types of expenditures (acquisition of rights to explore, exploratory drilling, trenching, sampling, etc.).

IFRS 6 then prescribes the rules for subsequent measurement, changes in accounting policies and impairment of these assets. The impairment rules related to the mineral resources differ from those in IAS 36, as they set the different impairment indicators and allow testing on an aggregate level.

In relation to presentation, IFRS 6 describes classification and reclassification of exploration and evaluation assets and finally number of disclosures is prescribed.

IFRS 7 – Financial Instruments: Disclosures

Overview: IFRS 7 prescribes what ***disclosures*** an entity shall provide ***about financial instruments*** in its financial statements and thus it complements standards IAS 32 on presentation and IAS 39 / IFRS 9 on recognition and measurement of financial instruments. Before, standard IAS 32 dealt also with disclosures, but IAS 32's part on disclosures was superseded by IFRS 7.

IFRS 7 in a flash:

IFRS 7 requires disclosures in 2 main categories:

The first category represents ***disclosures about significance of financial instruments for financial position and performance***. Within this category, an entity is required to disclose the following information related to the statement of financial position:

- Information by categories of financial assets and liabilities;
- Specific disclosures about financial assets or financial liabilities at fair value through profit or loss and financial assets valued at fair value through other comprehensive income;
- Reclassification of financial instruments among categories;
- Derecognition;
- Collaterals;
- Allowances for credit losses;
- Compound financial instruments with multiple embedded derivatives;
- Defaults and breaches of loan agreement terms, etc.

Information to be disclosed in relation to statement of comprehensive income is items of income, expense, gains or losses by categories, etc. Other required disclosures refer to accounting policies applied, hedge accounting, fair value information etc.

The second category represents ***disclosures about nature and extent of risks*** arising from financial instruments. An entity is required to present qualitative and quantitative disclosures for each type of the risk. IFRS 7 then prescribes specific disclosures about ***credit risk, liquidity risk and market risk***.

Next, standard IFRS 7 sets guidelines related to disclosures about ***transfer of financial assets***. It states which information shall be disclosed when transferred financial asset is derecognized in its entirety and which information shall be disclosed when transferred financial asset is not derecognized in its entirety.

Finally, the standard IFRS 7 provides application guidance.

IFRS 8 – Operating Segments

Overview: IFRS 8 replaced the standard IAS 14 – Segment reporting with effective date for periods beginning 1 January 2009 or later. It prescribes ***the information that an entity must disclose about its business activities – operating segments, products and services, the geographical areas in which it operates and its major customers.***

Standard IFRS 8 applies only to entities whose debt or equity instruments are traded in a public market (or filed or in the process of filing its financial statements with a security commission or other regulatory organization for that purpose).

IFRS 8 in a flash:

IFRS 8 defines ***operating segments*** and explains what can be deemed operating segment. Then it prescribes ***criteria for reportable segments***, including aggregation criteria and quantitative thresholds for segment to be reported separately.

IFRS 8 also prescribes number of disclosures in relation to operating segments, such as general information, information about profit or loss and assets and liabilities, information about basis for measurement, information about products and services, geographical areas and major customers.

IFRS 9 – Financial Instruments

Overview: The first version of IFRS 9 was issued in November 2009 and then it was amended in October 2010 and November 2013. Once it is fully finalized, it will replace standard IAS 39 in the future.

IASB still works on several projects related to financial instruments and after these projects are completed, standard IFRS 9 will be further amended and expanded.

IFRS 9 deals with ***recognition***, ***classification, measurement and derecognition of financial instruments***; as well as with the ***hedge accounting rules.***

The current version of ***IFRS 9 does NOT include mandatory effective date***, but entities can adopt it voluntarily. IASB will add the mandatory effective date later when all phases are completed.

You can find the full summary of IFRS 9 here: http://www.ifrsbox.com/ifrs-9-financial-instruments/.

IFRS 9 in a flash:

IFRS 9 consists of 7 chapters and 3 appendices. **Chapter 1** sets **objective** of IFRS 9 which is, in short, to establish principles for the financial reporting of financial assets and financial liabilities. **Chapter 2** states ***scope*** of IFRS 9 – IFRS 9 shall be applied to all items within the scope of IAS 39.

Chapter 3 deals with ***recognition and derecognition***. IFRS 9 defines when a financial asset and financial liability shall be ***recognized*** in the financial statements. Then, IFRS 9 addresses ***derecognition of financial assets*** – it sets rules when the financial asset shall be derecognized in its entirety, or just partially. Basically, financial asset shall be derecognized when the contractual rights to the cash flows from the financial asset expire, or the entity transfers the financial asset as set out and the transfer qualifies for derecognition.

Rules for ***transfer of financial assets*** are also outlined: standard explains how to report transfers when they qualify for derecognition and when they do not qualify for derecognition. Concept of ***continuing involvement*** of transferred assets is explained.

With regard to ***derecognition of financial liabilities***, an entity can remove financial liability from the statement of financial position when it is extinguished— i.e. when the obligation specified in the contract is discharged or cancelled or expires.

Chapter 4 of IFRS 9 deals with ***classification*** of financial assets and financial liabilities. Financial assets are divided into ***2 categories*** – those ***measured at amortized cost*** and those ***measured at fair value***. IFRS 9 prescribes rules for categorizing financial assets into one of these 2 categories. There is also the third subcategory: financial asset measured at fair value through other comprehensive income.

Financial liabilities shall all be classified as ***subsequently measured at amortized cost*** using effective interest method, except for: 1. financial liabilities ***at fair value through profit or loss***, 2. financial liabilities that arise when a transfer of a financial asset does not qualify for derecognition or when the

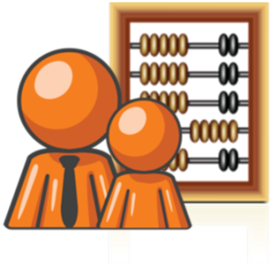
continuing involvement approach applies, 3. financial guarantee contracts and 4. commitments to provide a loan at a below-market interest rate. ***Embedded derivatives*** and ***reclassifications*** are also covered in chapter 4.

Chapter 5 provides guidance on ***measurement***. At ***initial recognition***, financial assets and financial liabilities shall be measured at fair value. If the item is not at fair value through profit or loss, then directly attributable transaction costs shall be added or deducted at initial measurement. Then, the rules for ***subsequent measurement*** of financial assets and financial liabilities are outlined. Chapter 5 of IFRS 9 also deals with fair value measurement, measurement when reclassifying financial assets, and gains and losses.

Chapter 6 about ***hedge accounting*** was added in November 2013 and contains the rules when and how an entity can apply the hedge accounting. ***The rules in IFRS 9 are less strict as those in IAS 39*** so that entities can better reflect their own risk management strategies in their financial statements. IFRS 9 sets ***3 types of hedges: cash flow hedge, fair value hedge and hedge of net investment in a foreign operation.*** The mechanics of hedge accounting is basically the same as in IAS 39.

Chapter 7 prescribes the rules for ***transition*** period.

IFRS 9 has 3 appendices: A – defined terms, B – application guidance and C – amendments to other IFRSs.



IFRS 10 – Consolidated Financial Statements

Overview: The objective of IFRS 10 is to ***establish principles for consolidation related to all investees*** based on ***control*** that parent exercises over the investee rather than the nature of investee. Therefore, also special purpose entities are subject of a consolidation according to this standard.

IFRS 10 in a flash:

IFRS 10 defines ***when investor controls the investee***:

- When the investor is exposed, or has rights, to variable returns from its involvement with the investee; and
- Has the ability to affect those returns through its power over the investee.

Investor controls the investee when the he has ***all three elements***:

1. Power over the investee.
2. Exposure, or rights, to variable returns from its involvement with the investee, and
3. The ability to use its power over the investee to affect the amount of the investor's returns.

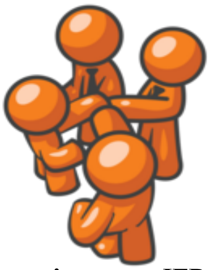
IFRS 10 then sets the ***accounting requirements*** for preparation of consolidated financial statements, consolidation procedures, reporting non-controlling interests and treatment of changes in ownership interests. Standard does not set any requirements for disclosures, as those are covered by IFRS 12.

IFRS 10 also contains special accounting requirements for ***investment entities (see below)***. Where an entity meets the definition of an "investment entity", ***it does NOT consolidate its subsidiaries*** or apply IFRS 3 when it obtains control of another entity.

Instead, an investment in a subsidiary is measured at fair value through profit or loss in accordance with IFRS 9 or IAS 39. These requirements related to investment entities are new and apply for the ***periods starting 1 January 2014 or later***.

An investment entity is an entity that:

1. Obtains funds from one or more investors for the purpose of providing those investor(s) with investment management services;
2. Commits to its investor(s) that its business purpose is to invest funds solely for returns from capital appreciation, investment income, or both, and
3. Measures and evaluates the performance of substantially all of its investments on a fair value basis.



IFRS 11 – Joint Arrangements

Overview: IFRS 11 sets principles for reporting of ***joint arrangements*** – arrangements of which two or more parties have joint control. This standard effectively amends IAS 27 and IAS 28.

IFRS 11 in a flash:

IFRS 11 explains ***characteristics of joint control***: 1. the parties are bound by a contractual arrangement and 2. the contractual arrangement gives two or more of those parties joint control of the arrangement. Then, it gives guidance for assessment whether the joint control exists.

IFRS 11 classifies joint arrangements into 2 categories: ***joint operation*** and ***joint venture*** and prescribes how each of these forms shall be recognized and reported in the financial statements of parties to a joint arrangement.

This standard applies for the periods starting 1 January 2013 or later and transitional guidance was issued, too.

IFRS 12 – Disclosure of Interests in Other Entities

Overview: IFRS 12 prescribes what ***disclosures*** shall be provided in the financial statements with regard to interests in subsidiaries, joint arrangements, associates or unconsolidated structured entities.

IFRS 12 in a flash:

IFRS 12 sets ***extensive disclosure requirements*** related to interests in other entities. To provide a brief overview, this e-book lists only a few broad categories.

Reporting entity must present disclosures about ***significant judgments and assumptions*** made in determining the existence of control over another entity, the type of such control and existence and type of joint arrangement.

IFRS 12 then sets broad range of disclosures for interests in ***subsidiaries***, interests in ***joint arrangements and associates*** and interests in ***unconsolidated structured entities*** (entity that has been designed so that voting or similar rights are not the dominant factor in deciding who controls the entity).

IFRS 12 also requires disclosures for ***interests in unconsolidated subsidiaries*** in line with the newest amendment of IFRS 10. Unconsolidated subsidiaries represent the ***investment entity consolidation exemption*** and as a result, they are carried at fair value through profit or loss and not consolidated in line with IFRS 3. Relevant disclosure requirements apply for the periods ***starting 1 January 2014 or later.***

IFRS 13 – Fair Value Measurement

Overview: IFRS 13 represents the ***framework for fair value measurement*** required throughout other IFRS standards (for example, IFRS 9). IFRS 13 defines fair value, provides guidance for its measurement as well as sets disclosure requirements with respect to fair value.

You can find the full summary of IFRS 13 here: http://www.ifrsbox.com/ifrs-13-fair-value-measurement/.

IFRS 13 in a flash:

IFRS 13 ***defines fair value*** as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date ("exit price").

In order to increase consistency of fair value measurement, IFRS sets "***fair value hierarchy***" which classifies inputs used in valuation techniques into ***3 levels***:

1. Quoted prices in active markets for identical assets or liabilities that an entity can access at the measurement date.

2. Other than quoted market prices included within Level 1 that are observable for the asset or liability, either directly or indirectly (i.e. quoted prices of similar assets).

3. Unobservable inputs for the asset or liability.

IFRS 13 then outlines a ***fair value measurement approach*** by stating what an entity shall determine when assessing fair value. Further ***guidance*** on measurement is given, including characteristics of asset or liability being measured, the highest and best use of non-financial assets, market transactions and many more.

With reference to valuation, IFRS 13 discusses ***3 valuation techniques***:

1. ***Market approach***: it utilizes the information from market transactions.

2. ***Cost approach:*** it involves current replacement cost.

3. ***Income approach*** based on future cash flows, income or expenses discounted to present value.

IFRS 13 sets broad range of disclosures related to fair value measurement, including identification of classes, specific disclosures for each class of assets and liabilities measured at fair value, and many more, both in a descriptive and quantitative format.

IAS 1 – Presentation of Financial Statements

Overview: IAS 1 forms the skeleton of IFRS, since it ***defines basis for presentation of financial statements***. It sets the requirements for presentation of financial statements, gives guidance on the structure and form of financial statements and sets the minimum requirements for their content. ***IAS 1 does NOT deal*** with recognition, measurement and specific disclosures for various types of transactions – these aspects are covered by other IASs / IFRSs.

You can find the full summary of IAS 1 here: http://www.ifrsbox.com/ias-1-presentation-of-financial-statements/.

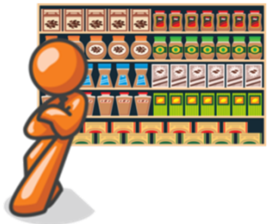
IAS 1 in a flash:

IAS 1 defines a ***complete set of general purpose financial statements*** that contains ***5 basic components***:

1. Statement of financial position;
2. Statement of profit or loss and other comprehensive income;
3. Statement of changes in equity;
4. Statement of cash flows; and
5. Notes with summary of significant accounting policies and other explanatory information.

IAS 1 then describes ***general features of financial statements***: fair presentation and compliance with IFRSs, going concern, accrual basis of accounting, materiality and aggregation, offsetting, frequency of reporting, comparative information and consistency of presentation.

Then, standard IAS 1 sets ***requirements for the structure and content of financial statements***. It starts with general identification of financial statements and prescribes minimum content and structure for each component separately. IAS 1 contains also implementation guidance with illustrative presentation of each component of financial statements.



IAS 2 – Inventories

Overview: IAS 2 prescribes accounting treatment of ***inventories***, guidance on the determination of cost and subsequent recognition as an expense, guidance on write-down of inventories and cost formulas used to assign costs to inventories.

IAS 2 in a flash:

IAS 2 defines inventories and specifies what the ***cost of inventories*** shall comprise:

- Cost of purchase;
- Costs of conversion; and
- Other costs to bring the inventories to their present location and condition.

IAS 2 also deals with ***cost formulas*** that an entity might use to assign costs to inventories and allows 2 of them: ***FIFO*** and ***weighted average***.

Standard IAS 2 then outlines the rules of ***writing down the inventories*** to their net realizable value and defines when inventories shall be recognized as an expense. Number of disclosures is prescribed.

IAS 7 – Statement of Cash Flows

Overview: IAS 7 sets out the requirements for presenting information about historical changes in cash and cash equivalents of an entity by means of ***statement of cash flows*** during the period.

IAS 7 in a flash:

IAS 7 defines ***cash and cash equivalents*** in the first instance and explains what is and what is NOT included in cash flow movements.

IAS 7 requires reporting cash flows during the period classified by ***operating, investing and financing activities***. Each category is then described in more details.

IAS 7 requires reporting cash flows ***from operating activities*** either by ***direct or indirect method***.

In relation to reporting cash flows from investing and financing activities, IAS 7 asks to report gross receipts and payments with several exceptions where net basis is allowed.

Standard then deals with several specific transactions, such as foreign currency cash flows, interest and dividends, taxes on income, investments in subsidiaries, associates and joint ventures, changes in ownership interests in subsidiaries and other businesses, non-cash transactions etc.

Finally, number of disclosures is prescribed. Standard also contains illustrative examples in the appendices.

IAS 8 – Accounting Policies, Changes in Accounting Estimates and Errors

Overview: IAS 8 prescribes the criteria for ***selecting and changing accounting policies***. It also deals with the accounting and disclosure of ***changes in accounting policies, changes in accounting estimates and correction of errors***.

IAS 8 in a flash:

IAS 8 provides a number of definitions of key terms, such as change in accounting policy, change in accounting estimate, retrospective application, retrospective restatement, prospective application, prior period errors, etc.

Then, IAS 8 prescribes how to select an ***accounting policy*** and apply it consistently, when an entity may ***change*** applied accounting policy, what is and what is NOT a change in accounting policy and how to apply changes in accounting policy, together with disclosures related to the change.

IAS 8 also explains what is a ***change in accounting estimate***, how to recognize the effect of such a change in the financial statements and what to disclose.

When an entity made an ***error*** in the prior period financial statements, IAS 8 provides rules on how to correct it and what to disclose. Finally, IAS 8 touches the issue of impracticability in respect of retrospective application and retrospective restatement.

IAS 10 – Events after the Reporting Period

Overview: IAS 10 sets the rules when an entity should adjust its financial statements for ***events after the reporting period*** together with the necessary disclosures.

IAS 10 in a flash:

IAS 10 defines the ***events after the reporting period*** and classifies them into ***adjusting and non-adjusting***.

For ***adjusting events after the reporting period***, the standard requires an entity to adjust the amounts recognized in the financial statements to reflect such an event and gives the examples of adjusting events.

For non-adjusting events after the reporting period, the standard requires an entity NOT to adjust its financial statements.

IAS 10 prescribes a number of disclosures, such as updating disclosure about conditions at the end of the reporting period, disclosures related to non-adjusting events, etc.

IAS 11 – Construction Contracts

Overview: IAS 11 prescribes the accounting treatment of revenue and costs associated with ***construction contracts***. As beginning and completion of construction contracts usually fall into different accounting periods, the primary issue is allocation of contract revenue and contract costs into the individual periods when construction work is performed.

IAS 11 in a flash:

First of all, IAS 11 defines a ***construction contract*** and its ***2 main types***: ***a fixed price contract*** and ***a cost plus contract***. Then standard clarifies rules for combining and segmenting construction contracts (contracts related to number of assets, group of contracts, construction of additional assets, etc.).

IAS 11 prescribes rules for ***contract revenue and contract costs***.

It defines what ***contract revenue*** comprises, how it is measured and what to do with variations, claims and incentive payments in the contract.

IAS 11 also defines what ***contract cost*** comprises and what can and can NOT be attributed to contract activity.

Then, IAS 11 sets requirements for recognition of contract revenue and expenses, recognition of expected losses and changes in estimates. Number of disclosures is also outlined and illustrative examples are shown in the appendix.

IAS 12 – Income Taxes

Overview: IAS 12 prescribes the accounting treatment of ***income taxes*** including ***deferred taxes***.

You can find the full summary of IAS 12 here: http://www.ifrsbox.com/ias-12-income-taxes/.

IAS 12 in a flash:

IAS 12 sets a number of definitions, such as accounting profit, taxable profit / loss, current tax, deferred tax, temporary differences etc. It clearly explains what ***a tax base*** is and brings examples of tax base computation. Then, IAS 12 sets recognition criteria of ***current and deferred tax liabilities and tax assets***:

1. In relation to ***deferred tax liabilities*** arising from ***taxable temporary differences***, IAS 12 requires recognition of deferred tax for all of them with certain exceptions and provides examples and guidance on them.

2. In relation to ***deferred tax assets*** arising from ***deductible temporary differences***, ***unused tax losses and unused tax credits***, IAS 12 requires recognition of deferred tax only to the extent that it is ***probable*** that taxable profit will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilized, with certain exceptions.

IAS 12 prescribes rules on ***measurement*** of deferred tax assets and liabilities, ***recognition*** of current and deferred tax income and expense and ***presentation*** of current and deferred tax in the financial statements. Finally, IAS 12 requires specific ***disclosures*** and brings illustrative examples in its appendices.

IAS 16 – Property, Plant and Equipment

Overview: IAS 12 deals with accounting treatment of ***property, plant and equipment*** with focus on recognition of assets, determination of their carrying amounts or revalued amounts, depreciation charge and impairment losses to be recognized.

You can find the full summary of IAS 16 here: http://www.ifrsbox.com/ias-16-property-plant-and-equipment/.

IAS 16 in a flash:

IAS 16 prescribes when the cost of an item of property, plant and equipment shall be recognized as an asset and what to do with ***costs incurred initially and subsequently*** after asset has already been recognized.

IAS 16 deals with measurement of property, plant and equipment at recognition and outlines what items can and can NOT be included in the cost of an asset.

In relation to measurement after recognition, ***2 basic models*** are allowed:

1. ***Cost model:*** The asset is carried at its cost less accumulated depreciation and impairment loss.
2. ***Revaluation model***: The asset is carried at a revalued amount calculated as fair value at the date of revaluation less subsequent accumulated depreciation and impairment loss.

IAS 16 describes both models in a greater detail, sets their specific rules and outlines ***depreciation*** of property, plant and equipment including ***depreciation methods***.

IAS 16 touches also impairment of property, plant and equipment (although this is subject of IAS 36 – Impairment of Assets) and sets clear rules for ***derecognition***. Number of disclosures is included.

IAS 17 – Leases

Overview: IAS 17 prescribes accounting policies to be applied in relation to ***finance and operating leases for both lessees and lessors***.

You can find the full summary of IAS 17 here: http://www.ifrsbox.com/summary-of-ias-17-leases/.

IAS 17 in a flash:

First of all, IAS 17 brings a number of definitions related to leases, such as lease, finance lease, operating lease, minimum lease payments, interest rate implicit in the lease, guaranteed and unguaranteed residual value, etc.

Then, it prescribes when the lease shall be ***classified as finance or operating*** and sets out ***classification criteria.*** Situations that normally lead to the lease being classified as a ***finance lease*** include the following:

- The lease ***transfers ownership of the asset*** to the lessee by the end of the lease term;
- The lessee has the ***option to purchase the asset*** at a price which is expected to be sufficiently ***lower than fair value*** at the date the option becomes exercisable that, at the inception of the lease, it is reasonably certain that the option will be exercised;
- The lease term is for ***the major part of the economic life of the asset***, even if title is not transferred;
- At the inception of the lease, ***the present value of the minimum lease payments*** amounts to at least substantially all of ***the fair value*** of the leased asset;
- The lease assets are of a ***specialized nature*** such that only the lessee can use them without major modifications being made.

IAS 17 names also further 3 indicators that lead to the lease being classified as a finance lease.

IAS 17 then outlines the rules for presenting the leases ***in the financial statement of lessees***, including both finance and operating leases. It deals with initial recognition of finance leases, their subsequent measurement, accounting treatment of lease payments under operating leases and disclosures for both types of leases.

Then, rules for ***presenting the leases in the financial statements of lessors*** follow with about the same volume and depth of details.

Finally, standard IAS 17 deals with the rules for presenting the ***sale and leaseback transactions*** and provides illustrative example in its implementation guidance.

Note: Currently, IAS 17 ***undergoes a major revision*** and it will be replaced by a completely new standard in the near future.

IAS 18 – Revenue

Overview: IAS 18 prescribes the accounting treatment for ***revenues*** that arise from various types of transactions, such as sale of goods, rendering of services or receiving interest, dividends and royalties.

You can find the full summary of IAS 18 here: http://www.ifrsbox.com/summary-ias-18-revenue/.

IAS 18 in a flash:

First of all, IAS 18 prescribes ***general rules for measurement of revenue***, including exchanges of goods or services. Revenue can be recognized when:

- It is probable that any future economic benefit associated with the item of revenue will flow to the entity, and
- The amount of revenue can be reliably measured.

Then, standard sets the criteria of revenue recognition separately for:

1. ***Sale of goods -*** revenue can be recognized when all of the following criteria are satisfied:
    - The seller has transferred to the buyer the significant risks and rewards of ownership.
    - The seller retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold.
    - The amount of revenue can be measured reliably.
    - It is probable that the economic benefits associated with the transaction will flow to the seller, and
    - The costs incurred or to be incurred in respect of the transaction can be measured reliably.

2. ***Rendering of services*** – revenue can be recognized by reference to the stage of completion when all of the following criteria are met:
    - The amount of revenue can be measured reliably.
    - It is probable that the economic benefits will flow to the seller.
    - The stage of completion at the balance sheet date can be measured reliably; and
    - The costs incurred, or to be incurred, in respect of the transaction can be measured reliably.

3. ***Interest, royalties and dividends*** – provided that general criteria of revenue recognition are met, the revenue can be recognized as follows:

   - ***Interest***: by using the effective interest method in line with IAS 39 / IFRS 9;
   - ***Royalties***: on an accrual basis in line with the substance of the relevant agreement;
   - ***Dividends***: when the shareholder's right to receive dividend is established.

Certain disclosures are also required.

In the accompanying appendix, standard brings a number of specific examples of transactions within each of 3 main categories, for example, bill and hold sales of goods, goods shipped subject to conditions, lay away sales etc.; installation fees, advertising commissions, financial service fees, etc.; license fees and royalties, etc.

Note: The standard undergoes a major revision to come closer to US GAAP rules.

IAS 19 – Employee Benefits

Overview: IAS 19 prescribes the accounting treatment and disclosures for all types of ***employee benefits***. An entity shall recognize appropriate liability when employee has provided service in exchange for benefits to be paid in the future; and expense when entity consumes the benefit from service provided by employee. You can find the full summary of IAS 19 here: http://www.ifrsbox.com/ias-19-employee-benefits/.

IAS 19 in a flash:

IAS 19 classifies employee benefits into ***4 main categories***:

1. Short-term employee benefits;
2. Post-employment benefits;
3. Other long-term employee benefits; and
4. Termination benefits.

For each category, IAS 19 establishes separate requirements as each category has different characteristics.

For ***short-term employee benefits***, such as wages and salaries, compensated absences, free or subsidized goods or services for current employees, etc., straightforward rules for recognition and measurement are set. More clarification is given to short-term compensated absences and profit-sharing and bonus plans.

For ***post-employment benefits***, such as pensions, post-employment life insurance or medical care, or other retirement benefits, the rules are a bit more complicated. Standard makes clear distinction between ***defined contribution plans*** and ***defined benefit plans*** and sets separate rules for recognition and measurement for both of them:

- ***Defined contribution plans***: the accounting treatment is straightforward as the risk stays with the employee. Contributions made by the employer are recognized to profit or loss directly.
- ***Defined benefit plans***: The risk stays with the employer and therefore, certain actuarial valuations are required. Standard IAS 19 establishes rules for application of various actuarial assumptions; it explains how to recognize and measure present value of defined benefit obligation, current service cost, past service cost and items in profit or loss. Then, IAS 19 deals with plan assets, curtailments and settlements, presentation and disclosures.

For the last 2 categories, that are ***other long-term benefits*** (long-term compensated absences, jubilee benefits, etc.) and ***termination benefits***, standard sets measurement, recognition and disclosure requirements. In its appendices, standard provides illustrative example and illustrative disclosures.

IAS 20 – Accounting for Government Grants and Disclosure of Government Assistance

Overview: IAS 20 prescribes the accounting treatment of various ***government grants and other form of government assistance*** together with related disclosure requirements.

IAS 20 in a flash:

IAS 20 defines government grants, government assistance, government, grant related to assets, grants related to income and forgivable loans.

Basically, the grant is recognized as income over the period necessary to match the grant with the related costs, for which the grant is intended to compensate, on a systematic basis.

Then IAS 20 states ***conditions for recognition of grants*** and ***measurement*** of non-monetary government grants.

Presentation rules are outlined for:

1. ***Grants related to assets*** – these grants may be presented in two ways:
   - As a deferred income; or
   - As a deduction of the grant from the asset's carrying amount.
2. ***Grants related to income*** – these grants may be presented:
   - As other income; or
   - As a deduction from the related expense.

Standard also prescribes how to deal with repayments of government grants. It also explains that government grants do not include government assistance whose value cannot be reasonably measured, such as technical or marketing advice. Finally, necessary disclosures are set.

IAS 21 – The Effects of Changes in Foreign Exchange Rates

Overview: IAS 21 prescribes how to include ***foreign currency transactions*** and ***foreign operations*** in the financial statements of an entity and ***how to translate financial statements into a presentation currency***. It defines which exchange rates to use and how to report the effect of changes in exchange rates in the financial statements.

IAS 21 in a flash:

IAS 21 brings necessary definitions, such as foreign operation, foreign currency, functional currency, presentation currency, exchange difference etc. and provides deeper guidance on several items with focus on functional currency, net investment in a foreign operation and monetary items.

Standard then sets rules for ***reporting foreign currency transactions in the functional currency***:

- It ***initially*** requires recording foreign currency transaction by applying ***spot exchange rate*** between functional currency and foreign currency at the date of transaction.
- In relation to ***subsequent*** reporting period, it requires to translate:
    - Monetary items by the closing rate;
    - Non-monetary items measured in historical cost by the historical rate; and
    - Non-monetary items measured in fair value by the exchange rate at the date of fair value determination.

Standard also deals with recognition of exchange differences arising on monetary items and change in functional currency.

In the next part, standard IAS 21 prescribes rules for ***use of a presentation currency other than a functional currency***. It explains how to translate financial statements into a different presentation currency:

- Assets and liabilities at the closing rate;
- Income and expenses at the rates at the dates of transaction; and
- To recognize the resulting exchange differences in other comprehensive income.

IAS 21 also prescribes how to translate foreign operation and how to treat disposal or partial disposal of a foreign operation. Finally, number of disclosures is required.

IAS 23 – Borrowing Costs

Overview: IAS 23 prescribes the accounting treatment of ***borrowing costs*** that may include interest expense, finance charges in respect of finance leases, exchange differences from foreign currency borrowings regarded as an adjustment of interest costs, etc.

IAS 23 in a flash:

Core principle of IAS 23 is that borrowing costs directly attributable to acquisition, construction or production of qualifying asset form part of that asset and other borrowing costs are expensed.

IAS 23 defines both ***borrowing costs*** (interests, finance lease charges, etc.) and ***qualifying asset*** (inventories except for manufactured ones, manufacturing plants, intangible assets, investment properties).

IAS 23 sets ***criteria when borrowing costs are eligible for capitalization*** and requires including these costs into cost of an asset (immediate expensing is not allowed). Then, rules for commencement of capitalization, suspension of capitalization and cessation of capitalization of borrowing costs are prescribed. Finally, number of disclosures is required.

IAS 24 – Related Party Disclosures

Overview: IAS 24 outlines number of ***disclosures for related party transactions*** so that financial statements contain the information that entity's financial position and profit or loss may have been affected by the existence of related parties, transactions and outstanding balances with them.

IAS 24 in a flash:

IAS 24 brings detailed ***definition of a related party*** and lists who is seen as a related party to an entity:

1. A person or a close member of that person's family is related to a reporting entity if that person:
    - Has control or joint control over the reporting entity;
    - Has significant influence over the reporting entity; or
    - Is a member of the key management personnel of the reporting entity or of a parent of the reporting entity.
2. An entity is related to a reporting entity if any of the following applies:
    - The entity and the reporting entity are member of the same group.
    - One entity is an associate or joint venture of the other entity (or a group).
    - Both entities are joint ventures of the same third party.
    - One entity is a joint venture of a third entity and the other entity is an associate of the third entity.
    - The entity is a post-employment defined benefit plan for the benefit or employees of either the reporting entity or an entity related to the reporting entity. If the reporting entity is itself such a plan, the sponsoring employers are also related to the reporting entity.
    - The entity is controlled or jointly controlled by a person identified in (1).
    - A person identified in (1)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).
    - The entity, or any member of a group of which it is a part, provides key management personnel services to the reporting entity or to the parent of the reporting entity.

Standard also defines related party transaction, close members of the family of an individual, compensation, control, joint control, key management personnel and significant influence.

IAS 24 then prescribes ***necessary disclosures of all related party transactions***, such as relationships between parents and subsidiaries, management compensation, and related party transactions (amount, outstanding balances, etc.).

IAS 26 – Accounting and Reporting by Retirement Benefit Plans

Overview: IAS 26 prescribes measurement rules and necessary disclosures for ***reporting of retirement benefits plans*** (pension schemes, retirement benefit schemes, etc.).

IAS 26 in a flash:

IAS 26 defines key terms such as retirement benefit plans, funding, vested benefits, etc. Standard then prescribes measurement for ***2 basic types*** of retirement benefit plans: defined contribution plans and defined benefit plans.

1. For ***defined contribution plans***, standard requires financial statements to contain a statement of net assets available for benefits and description of funding policy.

2. ***Defined benefit plans*** are a more complex issue. Standard requires financial statements to contain statement of net assets available for benefits with actuarial present value of promised retirement benefits distinguishing between ***vested*** and ***non-vested benefits***. IAS 26 then gives guidance on calculation of actuarial present value of promised retirement benefits, frequency of actuarial valuation and content of financial statement in relation to those issues.

For all plans, IAS 26 sets valuation at fair value and prescribes number of disclosures.

IAS 27 –Separate Financial Statements

Overview: IAS 27 prescribes the rules for ***accounting for investments in subsidiaries, joint ventures and associates*** when ***preparing separate financial statements***. IAS 27 used to deal also with consolidated financial statements, but this part was superseded by IFRS 10 and IFRS 12. Here, the summary of revised IAS 27 is brought as effective for periods starting 1 January 2013.

IAS 27 in a flash:

IAS 27 ***defines*** both:

- ***Consolidated financial statements***: Financial statements of a group in which the assets, liabilities, equity, income, expenses and cash flows of the parent and its subsidiaries are presented as those of a single economic entity.
- ***Separate financial statements***: Financial statements presented by a parent (i.e. an investor with control of a subsidiary), an investor with joint control of, or significant influence over, an investee, in which the investments are ***accounted for at cost*** or ***in accordance with the standard IFRS 9.***

The ***investment entity consolidation exemption*** was introduced to the standard IFRS 10 for the annual periods beginning 1 January 2014 or later. As a result, IAS 27 states that if a parent investment entity is required in line with IFRS 10 to measure its investment in a subsidiary at fair value through profit or loss (IAS 39 / IFRS 9), then it is required also to account for its investment in a subsidiary in the same way in its separate financial statements.

IAS 27 outlines how the ***dividends*** shall be recognized and specifies accounting treatment in the case of ***group reorganizations.*** Number of disclosures is required, especially in the case when a parent elects not to prepare consolidated financial statements and instead prepares separate financial statements (exemption according to IFRS 10).

IAS 28 – Investments in Associates and Joint Ventures

Overview: IAS 28 prescribes accounting for ***investments in associates*** (in which an entity exercises significant influence) and specifies ***application of equity method*** for accounting of investments in associates as well as ***investments in joint ventures*** This e-book describes revised IAS 28 standard amended in 2011.

IAS 28 in a flash:

IAS 28 provides guidance on identification of ***significant influence*** (holding 20% or more than voting power in investee, representation on the board of directors, material transactions between investor and investee, etc.).

The equity method is then described: ***basic principle*** is to recognize investment in associate or joint venture at cost and subsequently, to increase or decrease a carrying amount to recognize the investor's share of the profit or loss of the investee after the date of acquisition. Standard then deals with distributions and other adjustments to carrying amount, potential voting rights, interaction with IFRS 9, classification of investment as a non-current asset, etc.

Application of the equity method is outlined – what procedures shall be performed (how to deal with mutual transactions, accounting policies to apply, what to do with losses in excess of investment, etc.). Standard then lists when an entity is exempt from applying the equity method, when the equity method shall be discontinued, how to treat changes in ownership interests and many more.

With regard to separate financial statements, standard IAS 27 shall be applied (investor accounts for investment in associate either at cost or in line with IFRS 9). Finally, number of disclosures is prescribed. IASB issued also Guidance on implementing IAS 27, IAS 28 and IAS 31 in which illustrative examples are provided (guidance is not a part of standards).

IAS 29 – Financial Reporting in Hyperinflationary Economies

Overview: IAS 29 prescribes rules for financial reporting of any entity whose functional currency is the currency of ***hyperinflationary economy***.

IAS 29 in a flash:

Basic principle of IAS 29 is that financial statement of an entity in hyperinflationary economy shall be stated in terms of the ***measuring unit current at the end of the reporting period***.

The comparative figures for the previous period required by IAS 1 and any information in respect of earlier periods shall be ***restated*** to the same current measurement unit.

Restatement of historical cost financial statements shall be made by applying ***general price index***. IAS 29 then prescribes how to deal with monetary and non-monetary items, and gives guidance on gain or loss on net monetary position.

Standard also prescribes certain rules for current cost financial statements, tax effect of restatement, statement of cash flows, consolidated financial statements and selection and use of general price index. IAS 29 prescribes the reporting for situation when economy stops being hyperinflationary. Number of disclosures is required.

IAS 32 – Financial Instruments: Presentation

Overview: IAS 32 establishes principles for ***presenting financial instruments as liabilities or equity and for offsetting financial assets and financial liabilities***. Together with standards IAS 39, IFRS 7 and IFRS 9 create complex group of mutually complementing rules on financial instruments. IAS 32 applies to all financial instruments with several exceptions.

IAS 32 in a flash:

IAS 32 brings definitions of key terms, such as financial instrument, financial asset, financial liability, equity instrument, fair value, puttable instrument, etc. Then, standard deals with presentation of various financial instruments.

In relation to ***liabilities and equity***, IAS 32 prescribes to classify the instrument either as:

- A financial liability;
- A financial asset;
- Or an equity instrument;

according to substance of the contractual agreement (not its legal form) with 2 exceptions: certain puttable instruments meeting specific criteria and certain obligations arising on liquidation.

IAS 32 gives specific guidance on instruments with various conditions and circumstances, contingent settlement provisions, settlement options, etc.

IAS 32 also sets rules for ***compound financial instruments*** that contain both a liability and an equity components (e.g. debt convertible to equity, etc.), for treasury shares, interest dividends, losses and gains relating to a financial instruments.

Rules for offsetting a financial asset and a financial liability are described in a detail.

Standard does NOT prescribe any disclosures – these are subject of IFRS 7. Application guidance in appendix explains the application of particular aspects of IAS 32. IASB issued also set of illustrative examples, but this set is not part of standard itself.

IAS 33 – Earnings per Share

Overview: IAS 33 prescribes principles for the determination and presentation of ***earnings per share*** in order to improve performance comparison between different entities at the same date, or between different reporting periods of the same entity. Standard IAS 33 applies to all entities whose share are publicly traded or are in process of issuing securities to public.

IAS 33 in a flash:

IAS 33 establishes rules for calculation of both:

- Basic earnings per share; and
- Diluted earnings per share.

Both of them have to be presented on the face of the statement of profit or loss and other comprehensive income.

Basic EPS is calculated by dividing profit or attributable to equity holders of the parent entity (the numerator) by the weighted average number of ordinary shares outstanding (the denominator) during the period. IAS 33 then sets rules for calculation of earnings and weighted average number of shares, both in a greater detail.

Diluted EPS are calculated similarly as basic EPS, but an entity is required to adjust profit or loss attributable to ordinary equity holders of the parent entity and the weighted average number of shares outstanding for the effect of all dilutive potential ordinary shares.

Rules for calculation of earnings and weighted average number of shares are set in a detail, with specific guidance on options, warrants and their equivalents, convertible instruments, contingently issuable shares, contracts that may be settled in ordinary shares or cash, purchased options and written put options.

IAS 33 sets rules on ***retrospective adjustments*** when the number of shares changes as a result of a capitalization, bonus issue, share split, etc. Number of disclosures is required. In the appendix, standard provides application guidance. IASB issued also illustrative examples that are not part of IAS 33.

IAS 34 – Interim Financial Reporting

Overview: IAS 34 prescribes minimum content of an ***interim financial report*** and the principles for recognition and measurement in ***complete or condensed financial statements*** for an interim period. The standard does NOT mandate which entities have to publish interim financial reports, how frequently and when – this is left to governments, stock exchanges, securities regulators and accounting bodies.

IAS 34 in a flash:

IAS 34 requires that ***an interim financial report shall include at minimum:***

- A condensed statement of financial position;
- A condensed statement of comprehensive income or a condensed statement of other comprehensive income and a condensed income statement;
- A condensed statement of changes in equity;
- A condensed statement of cash flows; and
- Selected explanatory notes.

Condensed financial statements shall include ***at minimum each of the headings and subtotals*** that were included in the most recent annual financial statements.

Selected explanatory notes shall contain the information if material and not disclosed elsewhere in the financial statements. IAS 34 provides guidance on events or transactions that are material to understanding of the current interim period (e.g. accounting policies and their change, seasonality or cyclicality of interim operations, etc.).

Standard prescribes periods for which interim financial statements are required to be presented, rules for assessment of materiality, recognition and measurement rules (on the same accounting policies as annual, revenues received seasonally, cyclically or occasionally, costs incurred unevenly during the financial year, use of estimates, etc.), disclosure in annual financial statements and restatement of previously reported interim periods. IAS 34 provides several illustrative examples in its appendices.

IAS 36 – Impairment of Assets

Overview: IAS 36 prescribes the procedures that ensure that entity's assets are carried at ***no more than their recoverable amount***. If carrying amount of asset exceeds its recoverable amount, the asset is impaired and IAS 36 prescribes how to recognize an ***impairment loss***.

You can find the full summary of IAS 36 here: http://www.ifrsbox.com/ias-36-impairment-assets/.

IAS 36 in a flash:

IAS 36 defines key terms such as impairment loss, recoverable amount, cash-generating unit, corporate assets, etc.

IAS 36 also establishes ***procedures for identification*** that an asset might be impaired – it requires an entity to assess at the end of each reporting period whether there is an ***indication*** that an asset might be impaired, considering indications from ***internal and external sources***.

For intangible assets with an indefinite useful life or not yet available for use, and for goodwill, ***impairment tests*** are required.

Then, standard sets rules for measuring ***recoverable amount*** being higher of asset's or cash generating unit's (CGU) fair value less costs to sell and its value in use. Guidance on how to establish ***fair value less costs to sell*** and ***value in use*** is provided, including estimation of future cash flows and discount rate for calculation value in use. IAS 36 also prescribes how to measure and recognize an ***impairment loss*** in the financial statements.

Cash-generating units and ***goodwill*** are separately considered with focus on identifying CGU, determination of recoverable amount and carrying amount of CGU, issues related to goodwill and ***corporate assets***. ***Allocation*** of impairment loss for a cash generating unit is outlined.

IAS 36 deals also with ***reversals*** of impairment loss for individual assets as well as for CGU and finally, number of disclosures is prescribed. Appendices provide further guidance on specific issues, such as measuring value in use, etc. IASB issued also illustrative examples that are not part of IAS 36.

IAS 37 – Provisions, Contingent Liabilities and Contingent Assets

Overview: IAS 37 sets the recognition criteria and measurement basis of ***provisions, contingent liabilities and contingent assets***, together with necessary disclosures about their nature, timing and amount.

IAS 37 in a flash:

IAS 37 gives definitions of a provision, contingent liability, contingent asset, etc., it gives guidance on distinguishing provisions from other liabilities and on relationship between provisions and contingent liabilities. Then it deals with recognition of both provisions and contingencies.

Provision shall be recognized when the following 3 conditions are met:

1. An entity has a present obligation as a result of past event;
2. Outflow of economic benefits to settle the obligation is probable; and
3. Reliable estimate of the amount of obligation can be made.

Standard then discusses present obligation, past event, probable outflow and reliable estimate in a detail. ***Contingent liabilities*** and ***contingent assets*** shall not be recognized.

IAS 37 sets rules for measurement of provisions and discusses several factors to take into account in reaching the best estimate of provision: risk and uncertainties, present value, future events and expected disposals of assets.

Standard also deals with ***reimbursements*** of provisions by another party, ***changes in provisions, use of provisions*** and establishes application rules for recognition and measurement of 3 specific cases:

- Future operating losses;
- Onerous contracts; and
- Restructuring.

Number of disclosures is required. In its appendices, standard summarizes main requirements of the standard in transparent table, decision tree, examples of recognition and disclosures.

IAS 38 – Intangible Assets

Overview: IAS 38 prescribes the accounting treatment for ***intangible assets*** that are not dealt with specifically in another IAS / IFRS.

IAS 38 in a flash:

IAS 38 defines ***intangible asset*** as an identifiable non-monetary asset without physical substance. At the same time, an asset must meet 2 recognition criteria:

1. It is a resource controlled by the entity; and

2. Future economic benefits are expected from the asset.

IAS 38 gives further guidance on all 3 aspects: identifiability, control and future economic benefits related to intangible assets.

IAS 38 establishes general rules for ***recognition*** and ***measurement*** of intangible assets. Then it deals with acquisition of intangibles under specific circumstances, such as separate acquisition, acquisition as a part of a business combination, acquisition by way of a government grant, exchanges of assets, internally generated goodwill and internally generated intangible assets.

In relation to ***internally generated intangibles***, IAS 38 gives further guidance on classification of generation of the asset into research phase and development phase and sets rules on determination of cost of an internally generated asset.

Standard also prescribes rules for measurement after recognition and permits ***2 models***:

- Cost model; and

- Revaluation model;

while it outlines setting of useful life in more detail.

In relation to intangibles with finite useful life, standard explains concepts of amortization period, amortization method, residual value and review of amortization period and amortization method.

IAS 38 then deals with intangible assets with indefinite useful life, review of useful life assessment, recoverability of carrying amount, retirements and disposals and finally, number of disclosures is prescribed. IASB issued also illustrative examples for IAS 38 that are not its integral part.

IAS 39 – Financial Instruments: Recognition and Measurement

Overview: IAS 39 establishes principles for ***recognizing and measuring financial liabilities and some contracts to buy or sell non-financial items***. IAS 39 is being replaced gradually over a period of time. The first installment of replacement dealing with financial assets was issued as IFRS 9 in November 2009 and therefore, IAS 39 became obsolete in this part. Further replacements were issued by the end of 2010 and in November 2013.

You can find the full summary of IAS 39 here: http://www.ifrsbox.com/ias-39-financial-instruments-recognition-and-measurement/.

IAS 39 in a flash:

IAS 39 provides ***definitions*** and ***rules*** in 2 key categories: ***recognition and measurement*** (amortized cost of a financial asset or financial liability, the effective interest method, transaction cost) and ***hedge accounting*** (hedged item, firm commitment, forecast transaction, hedging instrument, hedge effectiveness).

IAS 39 classifies the financial assets into 4 categories:

1. Financial assets at fair value through profit or loss;
2. Available-for-sale financial assets;
3. Loans and receivables; and
4. Held-to-maturity investments.

IAS 39 classifies financial liabilities into 2 categories:

1. Financial liabilities at fair value through profit or loss. This category has 2 subcategories:
   - Designated on initial recognition at fair value through profit or loss; and
   - Held for trading.
2. Other financial liabilities measured at amortized cost using the effective interest method.

IAS 39 then prescribes rules for the measurement of financial assets and financial liabilities in line with their classification.

Then, IAS 39 establishes rules for dealing with ***impairment and uncollectibility of financial assets measured at amortized cost*** – evidence of impairment loss, measurement of impairment loss, subsequent changes in impairment loss.

IAS 39 deals with ***derecognition*** issues and outlines ***derecognition decision tree*** to help decide whether a financial asset shall be derecognized or not. Rules for derecognition of financial liabilities are more simple than those related to financial assets.

The standard prescribes the rules for accounting of ***embedded derivatives***. An embedded derivative is a component of a hybrid contract whose cash flows behave in a manner similar to stand-alone derivative.

IAS 39 establishes also rules for accounting for ***hedging***. Standard describes ***hedging instruments*** with explanation of qualifying instruments and designation of hedging instruments. ***Hedged items*** are also explained with focus on qualifying items, designation of financial and non-financial items as hedged items and designation of groups of items as hedged items. Then, standard prescribes accounting rules for ***3 types*** of hedge relationships:

1. Fair value hedge;
2. Cash flow hedge; and
3. Hedge of a net investment in a foreign operation.

Standard gives general rules for hedge to qualify for hedge accounting and then deals with all 3 types of hedges separately.

IAS 39 contains also an appendix with application guidance related to specific issues in the Standard. Furthermore, IASB issued accompanying illustrative example and extensive guidance on implementing IAS 39.

IAS 40 – Investment Property

Overview: IAS 40 prescribes the accounting treatment for ***investment property*** and related disclosure requirements.

IAS 40 in a flash:

IAS 40 defines ***investment property*** as property (land, building, part of a building or both) held to earn rentals or for capital appreciation or both, regardless the way of holding it (by the owner or under the finance lease as the lessee).

Examples of investment property are:

- Land held for capital appreciation;
- Land held for future undetermined use;
- Building leased out under one or more operating leases;
- Vacant building held to be leased out under an operating lease;
- Property that is being constructed or developed for future use as investment property.

Standard brings also examples of what is NOT an investment property and therefore out of its scope:

- Property held for sale in the ordinary course of business;
- Property being constructed on behalf of third parties;
- Owner-occupied property, etc.

Further classification issues are addressed, e.g. property partially earning rentals and partially held for own use, ancillary services, intercompany rentals, etc.

Standard then prescribes rules for recognition and measurement of investment property.

Investment property shall be at ***its recognition measured at cost***.

For subsequent measurement, ***2 accounting policies are allowed***:

1. ***Fair value model*** – investment property is carried at fair value; or
2. ***Cost model*** – investment property is carried in line with IAS 16.

IAS 40 gives extensive guidance with focus on fair value model. IAS 40 deals also with transfers of investment property, disposals of investment property and prescribes number of disclosures.

IAS 41 – Agriculture

Overview: IAS 41 prescribes the accounting treatment and disclosures related to ***agricultural activity***.

IAS 41 in a flash:

IAS 41 applies to biological assets, agricultural activity and government grants related to biological assets measured at fair value less costs to sell. Standard provides ***definitions of agricultural activity*** (and its examples: raising livestock, cropping, cultivating orchards and plantations, etc.), biological transformation, biological asset (living animal or plant), agricultural produce (harvested product of entity's biological assets), etc.

IAS 41 sets ***3 recognition criteria*** for biological asset or agricultural produce:

1. Control of an asset by the entity as a result of past events;

2. Probable future economic benefits will flow to the entity; and

3. Fair value or cost of the asset can be measured reliably.

In relation to measurement, a biological asset shall be measured on initial recognition and at the end of each reporting period at ***its fair value less costs to sell***. Agricultural produce harvested from an entity's biological assets shall be measured at its fair value less costs to sell at the point of harvest. Further guidance on determination of fair value is provided.

IAS 41 then deals with gains and losses, inability to measure fair value reliably, provides rules for government grants related to biological assets and finally, it requires number of disclosures. Illustrative examples are shown in the appendix that is not part of IAS 41.

The Final Word

I created this e-book to give people a better orientation in complex IFRS rules so that you know where to look for the guidelines related to your specific areas.

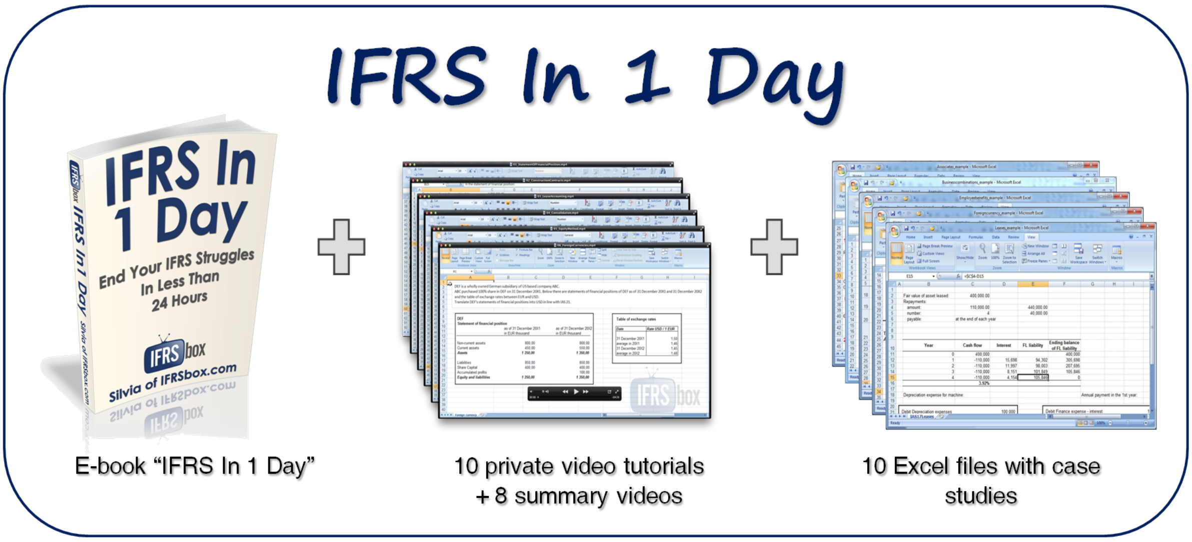
I understand that the application of these rules to the real-life issues requires much more than that. You not only need to know **where to look**, but you also **how to apply it**.

Therefore I have created two courses for you that I believe can help unlock your IFRS confusion:

The IFRS In 1 Day

http://www.ifrsbox.com/ifrs-in-1-day

If you are new to the world of IFRS and need to get a solid starting point, this course is for you. After reading the e-book and going through all case studies you will be able to deal with the most important IFRS areas.



Top 5 Reasons to buy IFRS In 1 Day Today:

1. Get a solid orientation in IFRS in just 1 day.
2. Forget all those bulky accounting books with hard-to-remember details.
3. Relief your stress from big unknown IFRS.
4. Get excel files with solved examples and use them as tools for your daily work.
5. If you need to sit an IFRS exam, focus on the most popular exam topics and examples.

Click here to learn more about IFRS In 1 Day can help you: http://www.ifrsbox.com/ifrs-in-1-day.

The IFRS Kit

http://www.ifrsbox.com/ifrs-kit

If mastering IFRS skills is valuable for your career and you need to bring your IFRS knowledge to a professional level, then the IFRS Kit is a good choice. The material in this course shows you more than 100 real-life situations and their solutions. I give you valuable video lectures, illustrative examples, excel spreadsheets and other bonus materials for your convenient studies.

The Top 5 Reasons to Get Access to the IFRS Kit Today

1. Focused on Problem-Solving Making This Course Easy to Understand
2. Easy to Follow Case Studies and Examples
3. Instant Access 24/7
4. Watch The Videos Until You Feel Completely Comfortable
5. Build Your IFRS Confidence Quickly so You Can Improve Your Career

Click here to learn how IFRS Kit can help you master IFRS: http://www.ifrsbox.com/ifrs-kit.

If you have any questions at all please let me know. I believe that everyone can learn the IFRS material quickly if they learn how to simplify the information and make the learning fun.

Thanks,

Silvia, IFRSbox.com

Appendix: List of SICs / IFRICs

Number	Title	Refers to:
IFRIC 1	Changes in Existing Decommissioning, Restoration and Similar Liabilities	IAS 1, IAS 8, IAS 16, IAS 23, IAS 36, IAS 37
IFRIC 2	Members' Shares in Co-operative Entities and Similar Instruments	IAS 32, IAS 39
IFRIC 3	*Emission Rights*	*withdrawn*
IFRIC 4	Determining whether an Arrangement contains a Lease	IAS 8, IAS 16, IAS 17, IAS 38, IFRIC 12
IFRIC 5	Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds	IAS 8, IAS 27, IAS 28, IAS 31, IAS 37, IAS 39
IFRIC 6	Liabilities arising from Participating in a Specific Market – Waste Electrical and Electronic Equipment	IAS 8, IAS 37
IFRIC 7	Applying the Restatement Approach under IAS 29	IAS 12, IAS 29
IFRIC 8	*Scope of IFRS 2*	*withdrawn*
IFRIC 9	Reassessment of Embedded Derivatives	IAS 39, IFRS 1, IFRS 3
IFRIC 10	Interim Financial Reporting and Impairment	IAS 34, IAS 36, IAS 39
IFRIC 11	*IFRS 2 – Group and Treasury Share Transactions*	*withdrawn*
IFRIC 12	Service Concession Arrangements	Framework, IFRS 1, IFRS 7, IAS 8, IAS 11, IAS 16, IAS 17, IAS 18, IAS 20, IAS 23, IAS 32, IAS 36, IAS 37, IAS 38, IAS 39, IFRS 4, SIC 29
IFRIC 13	Customer Loyalty Programs	IAS 8, IAS 18, IAS 37
IFRIC 14	IAS 19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction	IAS 1, IAS 8, IAS 19, IAS 37
IFRIC 15	Agreements for the Construction of Real Estate	IAS 1, IAS 8, IAS 11, IAS 18, IAS 37, IFRIC 12, IFRIC 13
IFRIC 16	Hedges of a Net Investment in a Foreign Operation	IAS 8, IAS 21, IAS 39
IFRIC 17	Distribution of Non-cash Assets to Owners	IFRS 3, IFRS 5, IFRS 7, IAS 1, IAS 10, IAS 27
IFRIC 18	Transfers of Assets from Customers	IFRS 1, IAS 8, IAS 16, IAS 18, IAS 20, IFRIC 12
IFRIC 19	Extinguishing Financial Liabilities with Equity Instruments	IFRS 2, IFRS 3, IAS 1, IAS 8, IAS 32, IAS 39
IFRIC 20	Stripping Costs in the Production Phase of a Surface Mine	IAS 1, IAS 2, IAS 16, IAS 38
IFRIC 21	Levies	IAS 1, IAS 8, IAS 12, IAS 20, IAS 24, IAS 34, IAS 37, IFRIC 6

To be continued...

Number	Title	Refers to
SIC 1	*Consistency – Different Cost Formulas for Inventories*	*superseded*
SIC 2	*Consistency – Capitalization of Borrowing Costs*	*superseded*
SIC 3	*Elimination of Unrealized Profits and Losses on Transactions with Associates*	*superseded*
SIC 4	*Classification of Financial Instruments – Issuer's Settlement Option*	*withdrawn*
SIC 5	*Classification of Financial Instruments – Contingent Settlement Provisions*	*superseded*
SIC 6	*Costs of Modifying Existing Software*	*superseded*
SIC 7	Introduction of the Euro	IAS 1, IAS 8, IAS 10, IAS 21, IAS 27
SIC 8	*First-time Application of IASs as the Primary Basis of Accounting*	*superseded*
SIC 9	*Business Combinations – Classification either as Acquisitions or Unitings of Interests*	*superseded*
SIC 10	Government Assistance – No Specific Relation to Operating Activities	IAS 8, IAS 20
SIC 11	*Foreign Exchange – Capitalization of Losses Resulting from Severe Currency Devaluations*	*superseded*
SIC 12	*Consolidation – Special Purpose Entities*	*superseded*
SIC 13	*Jointly Controlled Entities – Non-Monetary Contributions by Venturers*	*superseded*
SIC 14	*Property, Plant and Equipment – Compensation for the Impairment Loss of Items*	*superseded*
SIC 15	Operating Leases - Incentives	IAS 1, IAS 8, IAS 17
SIC 16	*Share Capital – Reacquired Own Equity Instruments (Treasury Shares)*	*superseded*
SIC 17	*Equity – Costs of an Equity Transaction*	*superseded*
SIC 18	*Consistency – Alternative Methods*	*superseded*
SIC 19	*Reporting Currency – Measurement and Presentation of Financial Statements under IAS 21 and IAS 29*	*superseded*
SIC 20	*Equity Accounting Method – Recognition of Losses*	*superseded*
SIC 21	*Income Taxes – Recovery of Revalued Non-Depreciable Assets*	*superseded*
SIC 22	*Business Combinations – Subsequent Adjustment of Fair Values and Goodwill Initially Reported*	*superseded*
SIC 23	*Property, Plant and Equipment – Major Inspection or Overhaul Costs*	*superseded*
SIC 24	*Earnings per Share – Financial Instruments and Other Contracts that May Be Settled in Shares*	*superseded*
SIC 25	Income Taxes – Changes in the Tax Status of an Entity or its Shareholders	IAS 1, IAS 8, IAS 12
SIC 26	*Property, Plant and Equipment – Results of Incidental Operations*	*draft was not finalized, withdrawn*

To be continued...

Number	Title	Refers to
SIC 27	Evaluating the Substance of Transactions Involving the Legal Form of a Lease	IAS 8, IAS 11, IAS 17, IAS 18, IAS 37, IAS 39, IFRS 4
SIC 28	*Business Combinations – 'Date of Exchange' and Fair Value of Equity Instruments*	*superseded*
SIC 29	Service Concession Arrangements: Disclosures	IAS 1, IAS 16, IAS 17, IAS 37, IAS 38, IFRIC 12
SIC 30	*Reporting Currency – Translation from Measurement Currency to Presentation Currency*	*superseded*
SIC 31	Revenue – Barter Transactions Involving Advertising Services	IAS 8, IAS 18
SIC 32	Intangible Assets – Web Site Costs	IAS 1, IAS 2, IAS 11, IAS 16, IAS 17, IAS 36, IAS 38, IFRS 3
SIC 33	*Consolidation and Equity Method – Potential Voting Rights and Allocation of Ownership Interests*	*superseded*
SIC 34	*Financial Instruments – Instruments or Rights Redeemable by the Holder*	*withdrawn*